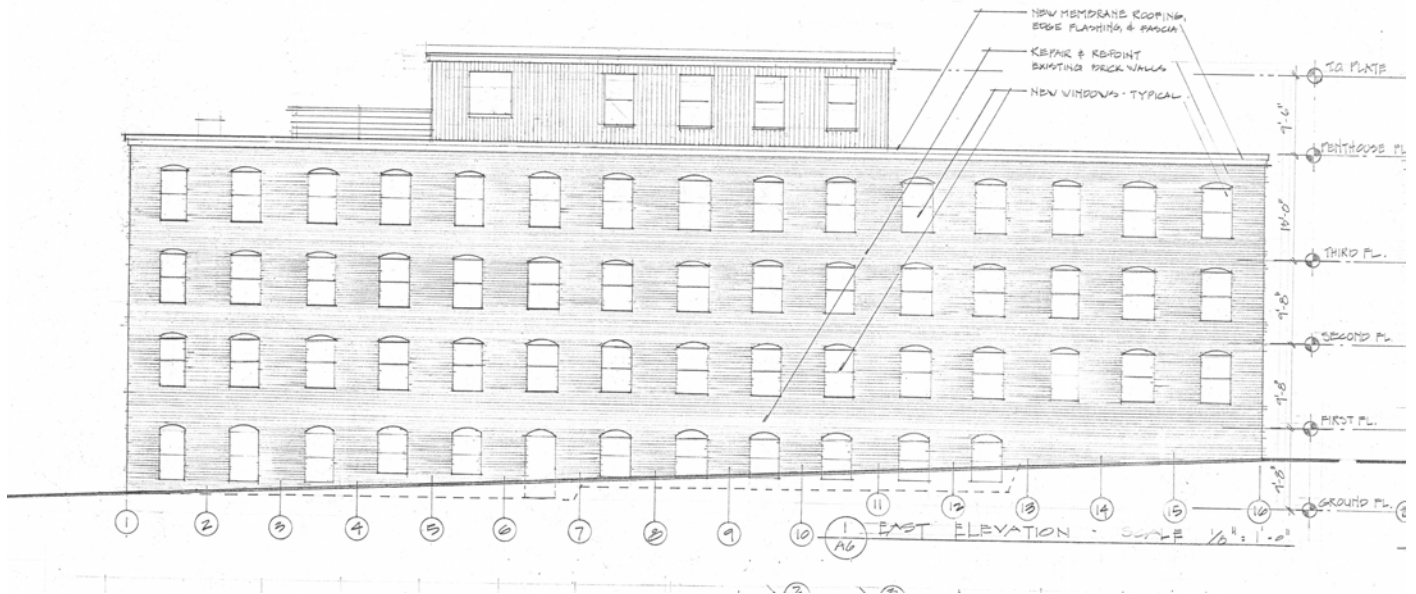


The Lofts at Clark's Pond



Affordable Loft Style Condominiums

Developed by

Clark's Pond, LLC

In Cooperation with the

Town of Amesbury

INFORMATION AND APPLICATION PACKAGE

The Lofts at Clark's Pond

Clark's Pond, LLC is now constructing the first phase of a 49 unit Condominium Development at Cedar and R Streets in Amesbury, Massachusetts.

This first phase will include the rehabilitation of a former mill building at 25 Cedar Street into 19 loft style condominiums. Under an agreement with the Town of Amesbury, 4 of the first 19 units will be sold to first-time homeowners with incomes at or below 80% of area median income. (See income eligibility chart). Residents of the Town of Amesbury will be given a priority in the purchase of these affordable units.

Phase one will include 3 two-bedroom units and 1 one-bedroom unit. These condominiums have an average of 1,035 square feet of living space.

All affordable units will have a "Deed Rider" that will be filed with the mortgage at the time of purchase. This deed rider restricts the price for which the unit can be resold and requires that subsequent owners will also have a household income of not more than 80% of area median income at the time of resale. This ensures that these homes will remain affordable in the long term.

Community Development Strategies, under contract with the developers, will accept applications and conduct a lottery for eligible applicants. The application and lottery process as well as the eligibility requirements are described in this plan.

The following pages describe eligibility requirements and how the lottery will be conducted. An application with instructions and a description of the application process is also included in this package.

Completed applications, with all supporting documents must be received by Community Development Strategies no later than December 15, 2005. Applications received after the deadline or which are not complete will not be eligible.

Applications will be reviewed as they are received for completeness and every effort will be made to contact applicants by telephone to advise them of missing information. For this reason, applicants are STRONGLY URGED to submit applications as early as possible to ensure that they are received and are complete in time to be placed in the lottery.

Applications will be available beginning September 15, 2005. During the open application period, which will run from September 15, 2005 through December 15, 2005, applications may be obtained at the following locations:

- ◆ Amesbury Senior Center, 9 School Street, Amesbury, MA
- ◆ Amesbury Public Library, 149 Main Street, Amesbury, MA
- ◆ Amesbury Town Hall, Clerk's Office, 62 Friend Street, Amesbury MA
- ◆ Stone Ridge Properties, 77 Main Street, Amesbury, MA

Applications may also be requested by mail or by email.

Call Paula Stuart at Community Development Strategies, 617-388-1331 or

email Community.Development.Strategies@comcast.net to request an application package. Please CLEARLY indicate your full name, address, email address and phone number.

Eligibility Requirements

First Time Homebuyers

Applicants must be first-time homebuyers. A person shall be considered a first-time homebuyer if no person in his or her household has, within the preceding three years, owned a home or owned an interest in a home with one or more people, such as through joint ownership.

Displaced homemakers and households over the age of 55 need not be first-time homebuyers, but must sell their current property in order to purchase a unit at the Lofts at Clark's Pond.

Income and Asset Eligibility

In order to be eligible to purchase a home at The Lofts at Clark's Pond, annual income and assets must be within the guidelines listed below. There is no minimum income, but the applicant must be able to support a mortgage that is sufficient to purchase the affordable home.

Maximum Income

Eligible applicants must have a combined annual household income from all sources for all income-earning members of the household of not more than 80% of area median income, as defined by HUD and adjusted for household size. Income in most cases is defined as gross taxable income as reported to the IRS. According to the 2005 Income Guidelines released by HUD, 80% of the area median income for Amesbury, MA and therefore the maximum allowable household income is as follows:

Household Size	Maximum Income
1	\$46,300
2	\$52,950
3	\$59,550
4	\$66,150

Maximum Assets

For a household under the age of 55, the total gross household asset limitation is \$50,000. If one household member is over the age of 55 and the household owns a property (to be sold prior to purchasing an affordable unit if selected in this lottery), the total amount of allowable equity in the property is \$150,000. Therefore, the combined asset limitation for households over the age of 55 is \$200,000.

Liquid assets include all cash, cash in savings accounts, checking accounts, certificates of deposit, bonds, stocks, and the value of real estate holdings as outlined above, as well as other forms of capital investment.

Restricted accounts, such as IRAs, 401(k)s, SEPs and pension funds will not be used to calculate total amount of assets, but will be used to calculate gross income, if a household is currently drawing down from the account(s).

Imputed interest income from all accounts, including liquid assets and restricted accounts, will be calculated by multiplying the total amount of assets over \$5,000 by the current HUD passbook rate of .5% and added to the gross income.

Bonus pay, overtime pay or other compensation will be reviewed on a case-by-case basis. While it will be reviewed to determine income-eligibility, consideration will be taken if it was a one-time occurrence, or is not a regular occurrence, especially if it renders the household over the income eligibility guidelines. In this case, it could be determined that the household will remain income-eligible.

Financing

Applicants are required to submit, as part of their application, a **pre-approval** letter for a mortgage in an amount sufficient to purchase an affordable home at Clark's Pond. **Note that pre-qualification letters will not be accepted to meet this requirement.**

Household income should be sufficient to support at least 50% of the price of the home. Households cannot pay more than 50% of the purchase price in cash.

Households should have sufficient funds for a down payment and closing costs.

Non-household members are not permitted to be co-signers on the mortgage.

Lottery Process and Preferences

The Lottery will be held at 25 Cedar Street, Amesbury at 6:30 p.m. on Thursday, December 22, 2005. Applicants need not be present to preserve their place in the Lottery. All applicants will be notified by mail of their status.

Lottery Process

Households submitting a complete application prior to the application deadline will be pre-screened for completeness, income eligibility, first time homebuyer status, and appropriate household size and placed in a category for consideration through a lottery process. Eligible applicants will be notified in writing regarding the preference pool(s) for which they qualify, their assigned number to be used in the lottery, and any further information deemed necessary.

There will be three preference pools for The Lofts at Clark's Pond Development as follows:

- One Bedroom Units – General Pool
- Two Bedroom Units – Local Preference Pool
- Two Bedroom Units – General Pool

Preferences

Two affordable two-bedroom units at Clark's Pond have been set aside for applicants in the Local Preference categories. Applicants who qualify for a Local Preference will also be included in the General Pool(s). Applicants who do not qualify for the Local Preference will **only** be included in the General Pool(s).

Local Preference Pool

An applicant will qualify for the Local Preference category when one or more members of the applicant household fall into one of the categories listed in the chart below:

CATEGORY
Current Town Resident
Non-resident Relative of Current Town Resident
Current Municipal Employee
Current Employee of a Business Located in Amesbury

General Pool

- All eligible applicants, whether included in the Local Preference Pool or not, are included in the General Pool.

Household Size

Household size shall be appropriate for the unit. Appropriate household size shall be defined as not less than one person per bedroom in a unit and not more than two persons per bedroom.

Minority Representation

If the percentage of minority applicants in the Local Preference Pool is less than the percentage of minorities in the surrounding HUD-defined area (as determined by the 2000 Census data), a preliminary lottery will be held comprised of all the minority applications who do not qualify for the Local Preference Pool and applicants will be ranked in the order in which they are drawn. The Local Preference Pools will then be adjusted by adding the required number of minority applicants according to their ranking from the General Pool to the Local Preference Pool to achieve appropriate minority representation.

Minority households are identified in accordance with the regulatory classifications established by HUD: Native American or Alaskan Native; Asian or Pacific Islander; African-American; Hispanic/Latino; or Cape-Verdean.

Applicants Selected to Purchase Affordable Homes

Applications will be drawn at the Lottery from each of the Pools (Local Preference and General Pools) and will be numbered in the order they are selected. The first selected applicant will have the first opportunity to purchase a unit. Then the second selected applicant, until all Phase 1 units have been sold.

Applicants selected in the lottery must be certified eligible by the Town of Amesbury. This certification process will take 30 days from the date of the lottery.

When notified that the unit is ready for sale, the applicant/purchaser will have two weeks to sign a Purchase and Sales Agreement to be accompanied by a \$500.00 deposit and an additional 60 days to obtain financing and close on the property. Selected applicants who are unable to proceed within those time frames will forfeit their right to purchase and the next applicant in the order selected by Lottery will be offered the unit. Sales will proceed in this manner until all units are sold.

The Lofts at Clark's Pond

Description of Deed Restriction Provisions for Affordable Housing Units

You are buying an affordable home at a substantially discounted price. Because of this, there are requirements that the home remain affordable for future buyers of your property.

You will sign a "deed rider" which describes your responsibilities under this affordable housing program. The restrictions will apply to you and to all future buyers of your home.

Clark's Pond, LLC, Community Development Strategies, and The Town of Amesbury strongly urge you to review the deed rider with your attorney and lender and you should only complete the purchase if all of your questions have been answered and you are comfortable with the deed rider and the restrictions.

This document is intended to be informational only and it is not a substitute for independent legal advice.

A general description of important deed restrictions are as follows:

1. Principal Residence

The property must be your principal residence, where you regularly live, eat, sleep, are registered to vote, etc.

2. Leasing and Refinancing

You may not rent or lease your home without the prior written consent of the monitoring agency (The Town of Amesbury, Community and Economic Development Department). In addition, you must tell the monitoring agency if you are going to refinance your mortgage.

3. Notice to the Town as Monitoring Agency when Selling the Home

If you want to sell your home, you must notify the Town. This notice is called a Conveyance Notice in the Deed Rider. The notice must include the Resale Price Multiplier (explained below) and the maximum resale price. The Town of Amesbury must approve the maximum resale price.

4. Maximum Resale Price

If you choose to sell your home, there is a limit on the resale price. The maximum resale price is determined by the following formula:

The maximum resale price is determined using the Resale Price Multiplier, a figure calculated by taking the initial sales price and dividing it by the area median income.

For example, if the area median income in 2005 is \$80,000 and a family purchases an affordable home for \$165,000, the Resale Price Multiplier would be $\$165,000/\$80,000 = 2.06$.

Upon resale, the Resale Price Multiplier is multiplied by the updated area median income number to determine the maximum resale price.

For example, if that same family in the above example decides to sell their home 5 years later, the new area median income could have increased to \$85,000. The maximum resale price would be $\$85,000 \times 2.06 = \$175,100$.

In addition, the Monitoring Agency receives a resale fee that can be added to the maximum resale price. The fee is equal to 2.5% of the new area median income for the area multiplied by the Resale Price Multiplier.

In this example, the resale fee would be $\$85,000 \times 2.5\% = \$2,125 \times 2.06 = \$4,377.50$. This fee can be added to the maximum resale price for a new price of \$179,477.50.

Additionally, capital improvements made by the owner (such as a new roof) can also be added to the maximum resale price.

There is no guarantee that you will be able to sell your house for the maximum resale price. You could receive an offer for less than the maximum resale price.

5. Resale Process

Once the monitoring agency, receives the notice to sell, they have 90 days to find an eligible homebuyer (a first-time homebuyer whose income is at or below 80% of the area median income and who meets the asset limit). The town can also decide within those 90 days to purchase the home. The monitoring agent may ask you to hire a broker to help with the resale.

If the monitoring agency finds an eligible buyer within the 90 day period, an Eligible Purchaser Certificate will be issued to the new buyer. The certificate states that the

sale complies with the Deed Rider. If the town purchases your home, a Municipal Purchaser Certificate is issued.

If the monitoring agency finds an eligible buyer within 90 days, but that buyer cannot obtain financing or is otherwise unable to purchase the home, the monitoring agency can receive an extension of an additional 60 days.

If 120 days pass from the date of the conveyance notice and the monitoring agency cannot find an eligible buyer and the town does not want to purchase the home, you have up to 6 months to sell your home on the open market at 95% of the appraised value (determined by an appraiser and approved by the monitoring agency). However, any gain you make above the maximum resale price will be paid directly to the town's Affordable Housing Trust. You cannot keep the additional gain.

Upon receipt of the additional funds gained, the town will issue a Compliance Certificate that states that the town received the funds. This is given to the new buyer and is recorded. This certificate releases the new buyer from any further obligations with respect to the deed rider and its restrictions for resale.

6. In Cases of Foreclosure

If you do not pay your mortgage on time, or if you fall behind on payments, your bank or mortgage company has the right to take your home by foreclosing on the mortgage.

In the case of foreclosure, the bank or mortgage company that holds your mortgage should notify the town 60 days before foreclosure proceedings begin or before the bank accepts the home in lieu of foreclosure.

During that 60 day period, if it is determined that the remaining principal balance of the mortgage does not exceed the calculated maximum resale price, then the deed rider restrictions do not apply to any new buyer that purchases the foreclosed home. Also during that 60 day period, the town can decide to purchase the home for the greater of the remaining principal mortgage balance or the calculated maximum resale price.

If the property is foreclosed upon and sold for a price higher than either the remaining principal balance or the maximum resale price (whichever is higher) then the excess should be paid to the town for its Affordable Housing Trust.

For more information, contact:

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Community Development Director

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